
THE IRS
WANTS YOU
TO KNOW

*Save
up to
\$500
for
each
child*

*Working to put
service first*



Department of the Treasury
Internal Revenue Service

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This is an important tax benefit that every parent will be glad to hear.

Now, for each qualifying child under 17, you may be able to subtract up to \$500 from your 1999 federal income tax, unless your income exceeds specified levels.

This is a full, dollar-for-dollar credit—different from an exemption or deduction.

The Child Tax Credit actually cuts your tax due by up to \$500 per child. And puts the extra money right in your hands.

The Child Tax Credit For 1999 Returns

Who qualifies for the \$500 credit?

Your dependent child or descendant, stepchild or foster child for whom you can claim a dependency deduction. The child must be under 17 as of 12/31/99 and must be a U.S. citizen or resident.

*One child can mean up to a \$500 credit.
Two children, up to \$1,000. And so on.*

Do you have three or more children?

If so, you may be allowed an additional Child Tax Credit. The amount will depend on the Social Security and self-employment taxes you pay and any Earned Income Tax Credit you receive. See Form 8812.

Are there income restrictions?

Your total Child Tax Credit is reduced by \$50 for each \$1,000 that your Modified Adjusted Gross Income exceeds \$110,000 for joint filers; \$75,000 if single, head of household, or qualifying widow(er); or \$55,000 if married filing separately.

How do you claim this credit?

Figure your credit using the worksheet in Form 1040 or 1040A instructions. Then enter it on Line 43 of your Form 1040, or Line 28 on Form 1040A.

For three or more children, you may also need Form 8812.

Why Wait For April 15th?

Start enjoying Taxpayer Relief right away.

Do you expect a bigger refund on your 1999 tax as a result of the Child Tax Credit? If so, you can take home more money each payday—starting now—by asking your employer to lower the amount withheld from your pay. Use Form W-4, available from your employer or the IRS.

However, to avoid a penalty for underpayment, your withholding and estimated tax payments for the 1999 return must total either 100% of your '98 tax liability—or at least 90% of the '99 liability. Note: If the amount you pay with your return is less than \$1,000, there is no penalty.

Getting a refund from the IRS? The Child Tax Credit can increase it by \$500 a child!

Questions?

For further details on the Child Tax Credit, consult your IRS tax instructions or your tax preparer.

Or check our Web site at
www.irs.gov